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WAR CABINET.

ECONOMIC SITUATION IN INDIA.

MEMORANDUM BY THE SECRETARY OF STATE FOR INDIA.

THE Chiefs of Staff, in their Memorandum W.P. (43) 407, have supported to the War Cabinet the very urgent renewal by the Commander-in-Chief, India, of the Viceroy's call for help in the form of import of half a million tons of food grains between now and February 1944. Their memorandum recalls the previous decisions of the War Cabinet (W.M. (43) 111th Conclusions) to limit imports to 50,000 tons of wheat (to be sent from Australia to Colombo "for orders") and 100,000 tons of barley to India from Iraq, subject in the latter case to possibility of supply.

Arrangements for 30,000 tons of wheat from Australia have so far been made, and for 5,000 tons from the United States, together with a somewhat problematical provision for Iraqi barley. There have also been offers of wheat and rice from American sources: in the light of the Cabinet decision these have had to be discouraged. Meanwhile the position in India has developed as the Viceroy anticipated, and the fourth quarter of the year leading up to the main rice harvest about Christmas lies before us with singularly little reason to anticipate improvement of the situation before its end. Over India as a whole there has not been much change in the food position; it is still one of grave anxiety in the cities, with comparative sufficiency for the peasant producer—some 50,000,000—in most rural areas, but high prices and resultant wide-spread hardship for salaried and wage-earning classes everywhere. The conditions for improvement remain the same, namely, control by the Central Government over a sufficient reserve or buffer stock of food grains to enable them to bring prices down and to convince the 50,000,000 peasant producers that there is nothing to be gained by holding their surplus back. For that reserve there is no present available source other than import on a large scale; and such import is the only practical means of persuading the peasant.

Meanwhile the Central Government has been taking such steps as are open to it to meet the day-to-day situation. Bombay City started rationing in May and the plans have worked. Plans on a similar basis are being put into operation for 70 of the larger cities; but the administrative problem presented remains a difficult one, for trained personnel is lacking and the adviser lent by the Ministry of Food has a great deal of ground to cover.

Bengal is still the main danger spot. It has to be recognised that neither the Provincial Government, which is a Moslem-Hindu coalition, nor the Calcutta Corporation, which is controlled by the Congress and has become increasingly inefficient and corrupt, have proved themselves equal to the situation. The acting Governor (who assumed office only on the 4th September) is taking vigorous action: the Central Government are supporting him in his measures in whatever ways are open to it and are prepared to intervene further. Nevertheless, the fact is to be faced that there are famine conditions in some of the Eastern Districts and that in Calcutta hundreds are dying of starvation, although grain is now coming into the City in a quantity sufficient, if well distributed, to feed its population on a tolerable ration scale. The position is saved from becoming worse than it is by the large proportion of the working population which is being fed through the efforts of industrial concerns. As to other danger areas, supplies are being sent to Travancore and Cochin, two of the chief sufferers from the loss of Burma imports, and also to parts of Madras, where exports for Ceylon (which

relied on Burma for some 360,000 tons of rice annually, and whose loss of this supply it fell to S. India to try to make good) and elsewhere have proved too heavy a drain on local supplies and have lead to serious shortage.

So far there has been no widespread disorder and it might be suggested that since the situation is for the moment being held without the imported supplies the Viceroy asks for, the necessity for imported supplies no longer exists. I wish to impress upon my colleagues, firstly, that the present position in Bengal is a very grim one, and, secondly, that the worst point is yet to come. The new crops are said to be doing well over most of India; but the main rice crop is not harvested till the end of the year and the millets only a little earlier, so that for the next three months the people have to depend upon the old crop. These months are always difficult, and this year they have to be faced from a bad start and with a prospect of increasing pressure on Indian resources to meet operational needs.

Longer term measures are being taken. The Committee under the Chancellor of the Exchequer is considering anti-inflation moves in general (which would incidentally help to bring food on to the market), and the Government of India have already met with some success in their endeavour to check the rise in the general price level. Last year's Grow More Food campaign has been intensified, and where 8 million additional acres were brought under food crops last season 12 million will be brought under food crops this year, mostly under millets. Other long-term measures are expected to emerge from the recommendations of the Government of India's Long-Term Food Policy Committee which has just reported. I have not yet received an official summary of its report, but I understand that it not only recommends the importation of one million tons of grain annually till normal conditions are re-established, but strongly urges the necessity to import at once 500,000 tons to afford, so to say, the spring-board from which to launch its long-term policy with prospect of success.

This last recommendation is of immediate importance, for we cannot look to any of the Committee's long-term recommendations nor to any of the other measures referred to above to help us through the dangers which must be faced this present autumn. In Bengal famine conditions already exist and elsewhere conditions bordering on famine. In a telegram dated the 19th September the acting Governor of Bengal reports:—

"I have wandered round Calcutta after nightfall and scenes are pretty ghastly. I have also done a long mufti tour through twenty-four Pergunnahs district where a number of relief centres are functioning. Conditions outwardly are not so bad as in the City, but very large proportion of destitutes in the City come from Pergunnahs and nearby districts attracted by charity relief arrangements. The trouble in Pergunnahs is largely due to cultivators owing to previous bad harvest not having enough grain to keep landless labour going till aman harvest (*i.e.*, the main rice crop reaped in November–December) and fear of what may happen to themselves should aman paddy crop be damaged, though at present it looks very flourishing. . . . Even if all promised supplies of food-stuffs come through, I envisage a large death roll throughout the province from starvation following a previous malnutrition, coupled with endemic malaria during next 3½ months. Though famine is not officially declared, conditions are those of famine for the landless labourer in many areas and the normal wreckage of population which subsists on charity."

The conditions so described are becoming a serious menace to supply operations and to the movement of troops. The sight of famine conditions cannot but cause distress to the European troops and anxiety to the Indian troops as to the condition of their families in other parts of India (where, as noted above, conditions afford ample cause for anxiety), and they provide all the more a very dangerous handle to Japanese propaganda of which full use is being made.

In all these circumstances I must most earnestly urge the War Cabinet to reconsider in the light of the Chiefs of Staff memorandum the request of the Government of India for the import of up to half a million tons of food grains to India between this month and March of next year. The War Cabinet will not forget the terms in which the Viceroy urged reconsideration of this case in his telegram of the 13th August last, which is appended.

L. S. A.

India Office, 22nd September, 1943.

APPENDIX.

Telegram from Viceroy to Secretary of State for India.

(Dated New Delhi, 1805 hours, 13th August, 1943.)

(Received 1730 hours, 13th August, 1943.)

1742-S. Personal. Your personal telegram of 7th August, 17601. Food imports. I fully appreciate difficulties that confront Cabinet. But I am bound in duty to represent critical nature of difficulties that will face us here unless decision contained in your telegram is modified. A firm promise of 100,000 tons of barley, and possibility of small additional quantity of wheat, will go nowhere in meeting our essential demands, and, after consulting and in full agreement with Commander-in-Chief, Finance Member and Food Member, I am bound in terms to warn Cabinet that Government of India and I cannot be responsible for continuing stability of India now, or for her capacity to serve as a base against Japan next year unless we have appropriate help in prospect. You will be familiar from press with critical situation that faces us in Bengal. And distinct signs are beginning to emerge that wheat position in the Punjab is hardening against us with higher prices and a diminishing flow from cultivators to markets.

The addition of transport breakdown owing to very major breaches in communication with Eastern India which have followed on recent floods, and which there is no hope of our being able to remedy effectively under at least a couple of months, has further aggravated the situation and brought out vital importance of being able to run food directly to Calcutta by sea (we have considered putting assistance by way of putting food grains into Calcutta at minimum of two ships, or 15,000 tons a month; and I would classify this as a security operation essential to lines of communication of the army). On general food (? position) I can only repeat what I have already said and convey to His Majesty's Government in the most formal manner possible the considered warning given earlier. If they are not prepared to modify their decision, we here can take no responsibility for the consequences. And it is essential that (? should be) fully understood at this stage, and the fact what is in issue is not merely feeding India, but our capacity to wage war against Japan.
